

FISCAL NOTE

HB 1029 - SB 1805

March 17, 1997

SUMMARY OF BILL: Reduces the years of service for retirement eligibility for Group 1 members to 25 years of creditable service (Section 1). Provides that the State Insurance Committee will establish a schedule of premium payments for retired teachers and retired state employees participating in the state's insurance plan (Section 2).

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$25,500,000--\$137,700,000 Annual Amortized Cost (Section 1)
\$3,400,000 (Section 2)**

**Increase Local Govt. Expenditures - \$5,649,000--\$29,361,000 Annual Amortized Cost (Section 1)
\$8,830,000--\$26,130,000/Permissive Annual Amortized Cost (Section 1)**

Other Fiscal Impact - Increase Federal/Other Expenditures - \$4,097,500--\$23,061,000 Annual Amortized Cost (Section 1)

Estimate assumes:

Retirement (Section 1)

- Lower liability estimate assumes no change in the age-at-retirement pattern, while the upper-end range assumes a significant change in the retirement pattern
- Total lump sum liability to state government of \$328,465,000--\$798,515,000
- Total lump sum liability for local government employees of \$81,490,000--\$146,890,000 which is optional
- Annual amortized cost assumes a 20-year amortization of the lump sum liability
- K-12 teachers assumes a 70%-30% ratio between state and local funding

Insurance (Section 2)

- Seventy-five percent (75%) of the current retirees participating in the local education plan are former teachers
- Fifty percent (50%) of the retired teachers participate in the Local Education Plan and 50% in plans sponsored by LEAs.
- Twenty percent (20%) of the teachers and state employees who become eligible to retire with this proposal will avail themselves of the opportunity during the initial year
- All current retired teacher participants have 30 years of service

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director